



North Carolina Department of Health and Human Services
Division of Mental Health, Developmental Disabilities and Substance Abuse Services
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Carmen Hooker Odom, Secretary

Richard J. Visingardi, Ph.D., Director

August 8, 2003

MEMORANDUM

TO: Area Program Directors, County Directors of Social Services and Private Child Placing Agency Directors

FROM: Richard J. Visingardi, PhD, Director, Division of MH/DD/SAS
Pheon E. Beal, Director, Division of Social Services

RE: Guidelines regarding Conversion from Division of Facility Services (DFS) licensed therapeutic homes under G.S. 122C (14V .5300) to Division of Social Services (DSS) licensed family foster homes under G.S. 131D (70E)

Attached you will find a document that outlines the procedures for obtaining licensure and to review the changes in licensure rule, service provision, and billing requirements for therapeutic foster care.

These guidelines review the following:

- Child Placing Agency (CPA) definition
- Rule Changes
- Licensure Application Process
- Area Program Responsibility as the Portal of Entry for Determining Medical Necessity and Authorization of Therapeutic Foster Care Services
- Service Delivery
- Reimbursement

The information included is relevant to current and new providers, area programs, and county departments of social services.

If you have any questions, the DMH contact is Stephanie Alexander at (919) 733-7011, e-mail at stephanie.alexander@ncmail.net. The DSS contact is Sandra Sink at (919) 733-2538, e-mail at Sandra.Sink@ncmail.net.

cc:

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THERAPEUTIC FOSTER CARE GUIDELINES

Licensure

Background

Temporary rules regarding therapeutic foster care licensure changes went into effect January 1, 2002. Effective July 18, 2002, the Department of Health and Human Services permanently transferred licensure of therapeutic family foster homes from 122C (14V .5300) rules to 131D (70E) rules.

All new providers of therapeutic foster home care must be licensed through the Division of Social Services (DSS). The Division of Facility Services (DFS) stopped accepting applications for licensing therapeutic foster homes July 18, 2002. The licensure transfer was completed effective December 31, 2002.

All DFS licenses for therapeutic foster homes expired as of December 31, 2002. Therapeutic foster care providers were expected to apply for licensure under DSS at least 30 days prior to their licensure expiration date. As long as a provider was in the process of obtaining DSS licensure, a child who was in placement for treatment services and receiving Medicaid funding could continue to receive Medicaid funding for a period of 90 days through March 31, 2003.

Child Placing Agency (CPA) Definition

Therapeutic homes must operate under the administrative auspices of a child-placing agency. Relevant definitions are as follows:

North Carolina General Statutes 131D-10.2(4) Definitions: "Child Placing Agency" means a person authorized by statute or license under this Article to receive children for purposes of placement in residential group care, family foster homes or adoptive homes.

10 NCAC 70E .0301 Definitions: The following definition shall apply to the rules in Subchapters 70E, 70F, 70G and 70H: Agency means a county department of social services or a private child placing agency that is duly authorized by law to receive children for purposes of placement in family foster homes or adoptive homes.

While county departments of social services are authorized by statute to be child placing agencies, Area Programs are required to be approved and private agencies are required to be licensed as child placing agencies in order to provide these services. In order to apply, agencies must contact the Division of Social Services. Information about the licensure requirements and process and licensure inquiry forms are on the Children's Services Web page:

<http://www.dhhs.state.nc.us/dss/childrenservices/licensing/cpaphases.htm>

Child Placing Agencies are licensed on a biennial basis and monitored by the State Division of Social Services on an annual basis and are required to comply with child welfare laws, rules and policies. In addition, the therapeutic homes under the administrative auspices of these agencies are licensed by the State Division of Social Services.

Rule Changes

Many of the requirements in 10 NCAC 14V .5300 and other Core Licensing Standards were imported into the 131D rules. The Child Placing Agency is responsible for maintaining both the 131D child placing agency and family therapeutic foster home licensure standards. These areas include, but are not limited to, foster parent recruitment, screening, training and licensure preparation, monitoring the skills and abilities of the foster parents at regular intervals and documenting foster parent competencies based on child-specific outcomes. Following are some changes that are of particular relevance:

1. With the change of licensure authority from DFS to DSS, therapeutic foster care settings can no longer operate independently. They must be under the administrative auspices of a duly licensed or approved child-placing agency or a county DSS



2. There are no minimum GED or high school diploma requirements for a therapeutic foster parent.
3. Therapeutic foster parents must meet the standard Training Requirements as outlined in 70E .0512(b) plus additional requirements for therapeutic homes, as outlined in 70E .0512(c).
4. Therapeutic foster parents must meet documentation requirements addressed in - service definitions, the Service Records Manual (APSM 45-2) and the Medicaid Service Guidelines (July 1999).
5. Therapeutic foster parents will receive weekly supervision from a Qualified Professional as per 10A NCAC 27G.0203 and .0204, and specified in 70E .0402(h)(3).
6. The number of children that can be in a home has been increased. No more than five foster children shall reside in a family foster home at any one time, with no more than three children placed for therapeutic care at any given time. The rules were revised based on a federal mandate to reduce the necessity for waivers to licensing rules. The intent is to allow flexibility when appropriate, for example, when placing a large sibling group. However, agencies should take into consideration: (a) best practice (b) the skills and abilities of foster parents and (c) the specific treatment needs of children to be placed. Although the maximum number of therapeutic children is three, with a total of five foster children allowed in a home, many providers continue to limit the number of children to two who are placed in therapeutic foster homes.
7. The revised rules cover the privileging and competency licensing requirements as follows:
 - Training and demonstration of competencies is in pre-service training.
 - In-service training, including child-specific training
 - Regular monitoring, support and assessment of therapeutic foster family skills and abilities to successfully implement identified treatment interventions in the home and community settings.
 - Ongoing documentation of therapeutic foster parent skills, abilities, need areas, compliance with licensure standards, and ability to meet the treatment needs of the child placed in the home.
 - On-going Clinical Supervision by a Qualified Professional.

Licensure Application Process

Therapeutic foster homes are required to be licensed by DSS in compliance with the standards set forth in G.S. 131D. Therapeutic foster homes must operate under the auspices of a county DSS, an Area Program or a private child placing agency.

The licensure application includes:

1. Provide parent(s) and each adult member of the household with a Notice of Mandated Criminal History Check and obtain fingerprints on SBI cards.
2. Submit fingerprint cards AS SOON AS RECEIVED, along with DSS-5160A (Authority for Release of Information) and cover letter to Sheryl McNeill at the Division of Social Services, Family Support and Child Welfare Services, 325 N. Salisbury St., MSC 2440, Raleigh, NC 27699-2440 (refer to DSS Children's Services Manual, Chapter IV, Section 1213 for additional details)
3. Complete a Foster Care Facility License Action Request form (DSS 5015) and DSS application. (DSS-5016)
4. Complete a mutual home assessment on family.
5. Complete a Fire Safety Inspection Report. (DSS-1515)
6. Complete the Environmental Conditions Checklist. (DSS-5150)
7. Document compliance with pre-service training requirements found in 70E.0512.
8. Document the medical history and physical examination for household members for current licensees; document the medical history, physical examination and TB skin test results of each adult member of the household. (DSS-5017 and DSS-5156) for new applicants
9. Submit the completed DSS Action Request form and DSS application, finger print based criminal records check results form, environmental conditions checklist, medical history and physical examination/TB skin test report to Angelina Spencer, at the Division of Social Services, Family Support and Child Welfare Services, 932 Old US 70 West Highway, Black Mountain Center Building 17, Black Mountain, NC 28711.

Licensure inquiry forms can be obtained from the Division of Social Services or downloaded from the Children's Services web page: <http://www.dhhs.state.nc.us/dss/childrensservices/licensing/cpaphases.htm>



Area Program Responsibility as the Portal of Entry for Determining Medical Necessity and Authorization of Therapeutic Foster Care Services

1. The AP receives a child referral for intake and assessment of services, including the assessment of medical necessity for therapeutic foster care. The legal custodian is determined and a Medicaid eligibility referral is made if appropriate.
 2. The AP case manager is assigned. The Area Program will continue to ensure case management is provided and child and family teams (CFT) are facilitated.
 3. The AP obtains DSS family services agreement, if the child is in DSS custody, and other information to help make decisions regarding the most appropriate family with whom to place the child.
 4. The CFT develops a service/treatment plan, including recommendations based on Level of Care criteria and medical necessity. The legal custodian, AP, and CFT members sign this service plan.
 5. The case manager (with the AP or contracted) initiates the Utilization Review process which determines that medical necessity criteria are met.
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Service Delivery

Therapeutic foster care services must be authorized by the area program and contracted through the area program if the CPA is a county DSS or private CPA.

1. If the Area Program (AP) is the licensed Child Placing Agency:

- The AP meets with the legal custodian and others and makes a decision about accepting the child for placement and treatment, and determining the most appropriate home.
- Once the child is accepted for treatment, the legal custodian signs a placement agreement. This includes, but is not limited to, a consent for placement, responsibilities of the AP, responsibilities of the legal custodian, and terms of payment.
- The AP is responsible for maintaining both the 131D child placing agency and family therapeutic foster home licensure standards. These responsibilities include, but are not limited to, foster parent recruitment, screening, training and licensure preparation, monitoring the skills and abilities of the foster parents at regular intervals and documenting foster parent competencies based on child-specific outcomes.

2. If the Area Program (AP) chooses *not* to provide therapeutic foster home services:

- The AP will contract with a Child Placing Agency (CPA) or county DSS that provides therapeutic foster home services for children with treatment needs.
- The contract between the county DSS or CPA and an AP will need to address both agencies' responsibilities related to the provision of therapeutic foster home services and requirements related to licensure compliance. These areas include, but are not limited to, foster parent recruitment, screening, training and licensure preparation, monitoring the skills and abilities of employees and therapeutic foster parents, documentation and billing requirements as outlined by Medicaid and/or the Division of MH/DD/SAS service definitions and reporting requirements for child-specific outcomes. For room and board, the CPA either initiates a contract with the county DSS, for children in DSS custody, to bill DSS for these costs or initiates a contract with the AP, if the child is not in DSS custody, to bill the AP for these costs.

3. County DSS/Child Placing Agency Responsibilities: When a county DSS or Child Placing Agency (CPA) chooses to provide therapeutic foster home services, the Child Placing Agency (or DSS) is required to have an agency contract with the referring Area Program. When a county DSS or CPA provides therapeutic foster home services, the following activities are expected to occur:

- Child is either referred from the custodial DSS or via DSS to the AP for intake and assessment of services. AP case manager assigned.
- The Child and Family Team (CFT) meets and develops a service/treatment plan, including recommendations based on Level of Care criteria and medical necessity. The legal custodian, AP and Child and Family Team members sign the service/treatment plan.



- An application for services is completed by the AP or the legal custodian, in the case of a child in DSS custody and submitted to the CPA.
- The CPA compiles information, including the DSS family services agreement, the treatment plan and other information to make a decision regarding the availability and/or options of a family who can meet the identified needs of the child. The CPA then notifies the referring agency of these options. The referring agency determines which option should be pursued.
- The CPA then meets with the legal custodian and others to make the decision about accepting the child for placement and treatment. If the CPA reaches the decision to accept the child, then the legal custodian signs a placement agreement. The placement agreement includes, but is not limited to, statement about consent for placement; confidentiality and client rights; services/treatment to be provided; responsibilities of the child placing agency; responsibilities of the legal custodian; and terms of authorization and payment.
- Placement is made and treatment begins.

Reimbursement

1. Authorization for Residential Treatment Level I and Level II must be obtained by the Area Mental Health Program before therapeutic foster care services can be provided.
2. Documentation requirements must be in compliance in order to bill Medicaid or non-Medicaid (state) dollars. These include the requirements set forth in the service definition, the Medicaid Service Guidelines, and the Service Records Manual.
3. As long as child placing agencies and therapeutic foster homes are licensed through 131D and in compliance with the relevant rules for family foster homes and child placing agencies, Medicaid, or other appropriate state dollars may be billed.
4. Medicaid may only be billed for the treatment portion of the costs.
5. Treatment: County DSSs and private CPAs must bill through the area program for reimbursement of the treatment portion of the cost of therapeutic foster care.
 - If the AP is the Child Placing Agency, they will bill Medicaid, HealthChoice or Comprehensive Treatment Services Program (CTSP) for the treatment portion of the cost.
 - If the AP is not the Child Placing Agency, they are responsible for paying the Child Placing Agency according to their contract agreement, and bill Medicaid or CTSP for the treatment portion of the cost.
6. Room and Board:
 - When a child is not in the custody of a county DSS, the AP will bill CTSP for Room and Board and pay the CPA, which may be a DSS or a private provider, per their contract agreement.
 - When a child is in the custody of a county DSS, the AP may either (a) initiate a contract with the county DSS in order to bill the county DSS for the room and board portion of the cost or (b) if the AP and county DSS agree, the county DSS may pay the foster parents directly.

